

---

**Introduced by Senator Soto**

February 22, 2005

---

An act to add Section 14066.5 to, and to add Article 2.93 (commencing with Section 14091.25) to Chapter 7 of Part 3 of Division 9 of, the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 750, as introduced, Soto. Medi-Cal: disease management.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons.

Existing law requires the department to apply for a waiver of federal law to test the efficacy of providing a disease management benefit to beneficiaries under the Medi-Cal program, including, but not be limited to, the use of evidence-based practice guidelines, supporting adherence to care plans, and providing patient education, monitoring, and healthy lifestyle changes.

This bill would require the department to begin negotiations with the federal Centers for Medicare and Medicaid Services aimed at development and approval of a disease management demonstration project for Medi-Cal beneficiaries who are dually eligible for Medicare benefits.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. The Legislature finds and declares all of the  
2     following:

1 (a) Medi-Cal costs in California are rising dramatically.

2 (b) A large portion of these costs are attributable to  
3 complications from chronic diseases.

4 (c) Chronic diseases dramatically decrease the quality of life  
5 of their victims.

6 (d) California's aged, blind, and disabled Medi-Cal eligible  
7 population, comprised of approximately one million persons,  
8 account for nearly 25 percent of Medi-Cal costs and its members  
9 are prime candidates to receive the greatest benefits from disease  
10 management.

11 (e) In Florida a single condition disease management program  
12 operating in just the northern one-half of the state reduced health  
13 care costs for Florida's Medicaid program by \$12.6 million in the  
14 first two years of the program, representing a 5.6 percent net  
15 savings.

16 (f) A February 25, 2004, Bulletin (SDML#04-002) from the  
17 federal Centers for Medicare and Medicaid Services (CMS) to all  
18 state Medicaid directors encouraged states to take advantage of  
19 disease management in their Medicaid programs, offered  
20 technical assistance, and explained how they could draw-down  
21 federal dollars for these programs.

22 (g) In other states, CMS is creating demonstration projects for  
23 patients who are dually eligible for both Medicare and Medicaid  
24 in which Medicare will pay for disease management programs.

25 (h) California has not actively pursued this type of innovative  
26 opportunity to use federal funds to aid Californians.

27 (i) Medi-Cal beneficiaries and California taxpayers will  
28 continue to be shortchanged if the State Department of Health  
29 Services does not begin to aggressively pursue these  
30 opportunities to provide effective disease management programs  
31 and services to dually eligible Medi-Cal patients.

32 SEC. 2. Section 14066.5 is added to the Welfare and  
33 Institutions Code, to read:

34 14066.5. As used in this chapter:

35 (a) "Disease management organization" has the same meaning  
36 as in Section 1399.900 of the Health and Safety Code.

37 (b) "Disease management programs and services" has the  
38 same meaning as in Section 1399.901 of the Health and Safety  
39 Code.

1 SEC. 3. Article 2.93 (commencing with Section 14091.25) is  
2 added to Chapter 7 of Part 3 of Division 9 of the Welfare and  
3 Institutions Code, to read:

4  
5 Article 2.93. Disease Management  
6

7 14091.25. (a) It is the policy of the state to provide and  
8 encourage the provision of disease management programs and  
9 services. The department shall implement this policy by  
10 developing a strategy for providing Medi-Cal beneficiaries who  
11 are also eligible for Medicare with disease management  
12 programs and services that improve patient outcomes and reduce  
13 health care costs.

14 (b) Any disease management organization providing disease  
15 management programs and services under this article shall  
16 possess full patient and practitioner oriented accreditation in the  
17 provision of those disease management programs or services by  
18 one or more nationally recognized health care accrediting  
19 organizations, including, but not limited to, the National  
20 Committee for Quality Assurance, the Joint Commission on  
21 Accreditation of Health Care Organizations, and the American  
22 Accreditation Health Care Commission.

23 (c) In order to ensure that the preventive aspects of disease  
24 management programs and services reach the greatest number of  
25 people, disease management programs provided under this article  
26 shall be population-based.

27 (d) Within its existing budget and in the shortest possible  
28 timeframe, the department shall begin negotiations with the  
29 federal Centers for Medicare and Medicaid Services aimed at  
30 development and approval of a demonstration project for dually  
31 eligible Medi-Cal beneficiaries. In its negotiations, the  
32 department shall pay special attention to all of the following:

33 (1) Chronic diseases with high overall costs, including, but not  
34 limited to, asthma, coronary artery disease, congestive heart  
35 failure, chronic obstructive pulmonary disease, and diabetes.

36 (2) Comorbidity among chronic diseases and the increased  
37 benefit or the provision disease management services for  
38 multiple disease states.

39 (3) The provision of disease management services that  
40 guarantees a cost savings to the department.

1 (4) The possibility of coordinating this program with the  
2 department's pilot program for disease management programs for  
3 fee-for-service Medi-Cal authorized in the Budget Act of 2003  
4 but, only if that coordination will not slow or delay the  
5 implementation or start-up of the pilot project.

6 (5) The provision of disease management programs for  
7 beneficiaries dually eligible for Medi-Cal and Medicare services  
8 in both fee-for-service counties and counties assigned to  
9 participate in a predetermined Medi-Cal managed care model.

10 (e) The department shall seek all federal waivers necessary to  
11 allow for federal financial participation in expenditures under  
12 this article, and, if necessary, shall seek any statutory changes  
13 from the Legislature required to implement this article.

14 14091.27. For persons who qualify for disease management  
15 and are, or become, eligible for benefits under Title XVIII of the  
16 federal Social Security Act (42 U.S.C. Sec. 1395 et seq.) and the  
17 state's Medi-Cal program, the department shall seek federal  
18 waivers to enable it to share in cost savings resulting from  
19 disease management paid for through Medi-Cal that would  
20 otherwise accrue to Medicare.

21 14091.29. The department may do both of the following:

22 (a) Seek information and advice from the federal Centers for  
23 Medicare and Medicaid Services, Medicaid agencies in other  
24 states, disease management research projects funded by nonprofit  
25 foundations, and independent consultants on disease management  
26 contracting to speed the delivery of disease management to  
27 Medi-Cal enrollees.

28 (b) To the extent permitted by state law, issue requests for  
29 proposals and enter into contracts with a qualified disease  
30 management organization for the provision of disease  
31 management programs and services that meet the requirements of  
32 this article.

33 14091.31. On or before January 1, 2006, the department shall  
34 report its findings, recommendations, guidelines, and disease  
35 management delivery and implementation strategy, as well as its  
36 progress in implementing disease management programs, to the  
37 Governor, the Secretary of California Health and Human  
38 Services, and the relevant policy committees of the Legislature.

O